

Tax Year 2016 Changes

The below items highlight some of the major modifications to the Cincinnati Tax Code that were mandated by state law. The changes do not take effect until tax years beginning after **January 1, 2016** unless noted. Please visit the Cincinnati Income tax website at <http://www.cincinnati-oh.gov/finance/income-taxes/> for all the details.

Individuals

- Limits the deduction of employee business expenses to those deducted on the federal return.
 - No longer available to those taxpayers that take the standard deduction.
- Extends the casual entrant employee tax exemption from twelve days to twenty days.
 - The wages for non-resident employees are excluded for the first 20 days provided their principal place of work is not located in Cincinnati and they meet numerous other qualifiers.

Businesses

- Requires significant changes to the five year net operating loss (NOL) deduction calculation.
 - New NOL calculation takes affect tax year 2017 and is deductible starting in tax year 2018.
 - Method changed from a post allocation to a pre-allocation calculation.
 - A 50% Limitation period is mandated for tax years 2018-2022.
- Two Significant tax planning measures for businesses:
 - Allows businesses greater flexibility utilizing alternative allocation methods.
 - Provides businesses additional consolidated filing options with related entities.

Withholding Remittance

Must remit Semi-Monthly withholding if paying more than \$12,000/ yr.

	<u>Annual Limit</u>	<u>Due</u>
<u>Quarterly</u>	<u>0-\$2,399</u>	<u>15th day of the next month after the quarter ends</u>
<u>Monthly</u>	<u>\$2,400-\$11,999</u>	<u>15th day of the next month</u>
<u>Semi- Monthly</u>	<u>> \$12,000</u>	<u>Three business days after the period ends. (18th & 3rd)</u>

Interest and Penalty

- Interest rate increased from 3% to 5%
- Penalty rates capped for late payment.
 - 15% for Net Profit
 - 50% Withholding
- Late Filing Fee changed from flat \$50 fee to \$25/ month capped at \$150.

Tax Return Due Dates-

All taxpayers will now file the net profit return by April 15th (15th day 4th month after Fiscal Year End)

<u>Documents</u>	<u>Due</u>
<u>Tax Return</u>	<u>15-Apr</u>
<u>Extended Tax Return</u>	<u>15-Oct</u>
<u>Estimates</u>	<u>Q-1 15-Apr</u>
	<u>Q-2 15-Jun</u>
	<u>Q-3 15-Sep</u>
	<u>Q-4 15-Dec</u>